



# *Twelfth PEO/SYSCOM Commanders Conference*

*The NAVSEA Perspective*

*On*

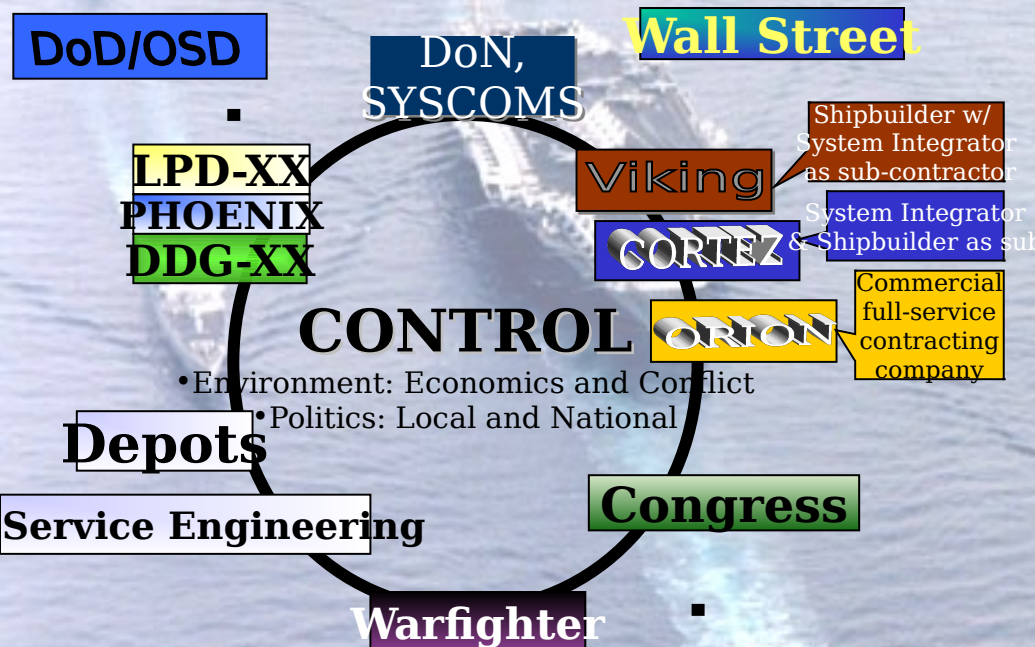
*Full Service Partnering*

**Mr. John Goodhart**  
**Assistant Deputy Commander**  
**Fleet Logistics Support**  
**NAVSEA 04L**

**November 20, 20**

# *Full Service Contracting Wargame Product Support Business*

## Wargame Model Environment



## Wargame Objectives

- Define the scope of FSC
- Identify critical areas of concern
- Explore opportunities for change
- Explore potential for cost reductions

**Simulated 3 Scenarios & Multiple Events over 3 Days**



# ***We Learned...***

- Should be Full Service **Partnering** - “FSP”
- Phased approach for Legacy systems- Risk mitigation
  - Step-by-Step until FSP takes over whole ship/system
  - Allows both sides to assess true costs and opportunity to integrate
  - Government participation with contractor
- More ambitious approach for cradle-to-grave projects
- Need to understand what would be the best mix of organic NAVY and FSC assets that plays to strengths of each to overall benefit of the Navy.

**This begins to look like “PBL”.**

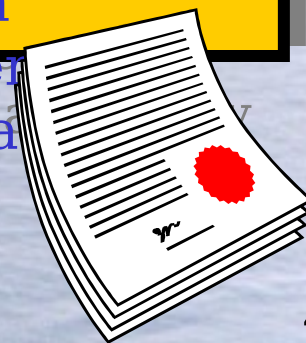
# ***PBL Background Information***

## **PBL Mandated by**

- FY 2003-07 QDR. "Compress supply chain, eliminate non-value added steps, reduce TOC and improve readiness"
- FY 2003-2007 Defense Planning Guide - Implement PBL to all new weapon systems and ACAT I and II fielded systems
- DoDD 5000.1 (DRAFT) - "PM shall develop and implement performance-based logistics strategies..."
- Navy PBL Implementation Plan - Issued by DoN 1 May 2002 listing 23 NAVSEA and PEO programs as pursuing

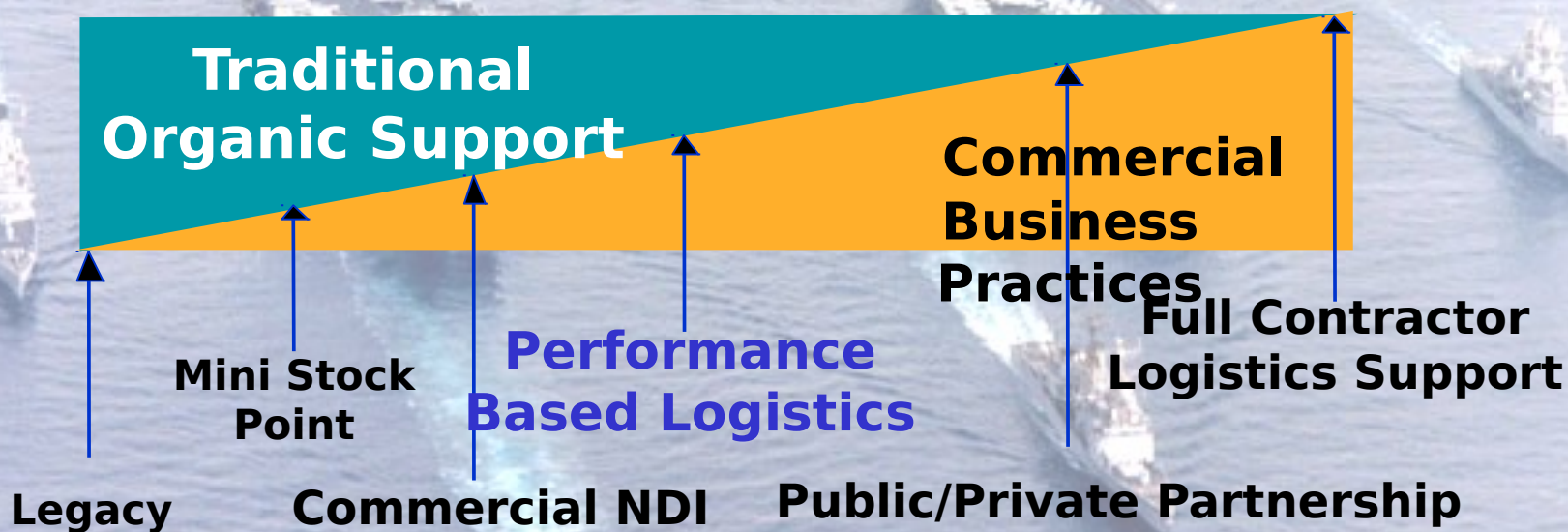
## **DoD Definition**

A strategy for weapon system product support that employs the purchase of support as an integrated, affordable performance package designed to optimize system readiness. It meets performance goals for a weapon system through a support structure based on long-term performance agreements with clear lines of authority and responsibility.



# *Best Value Support Solutions*

*Balance is the Key*



*Tailored, affordable support options*



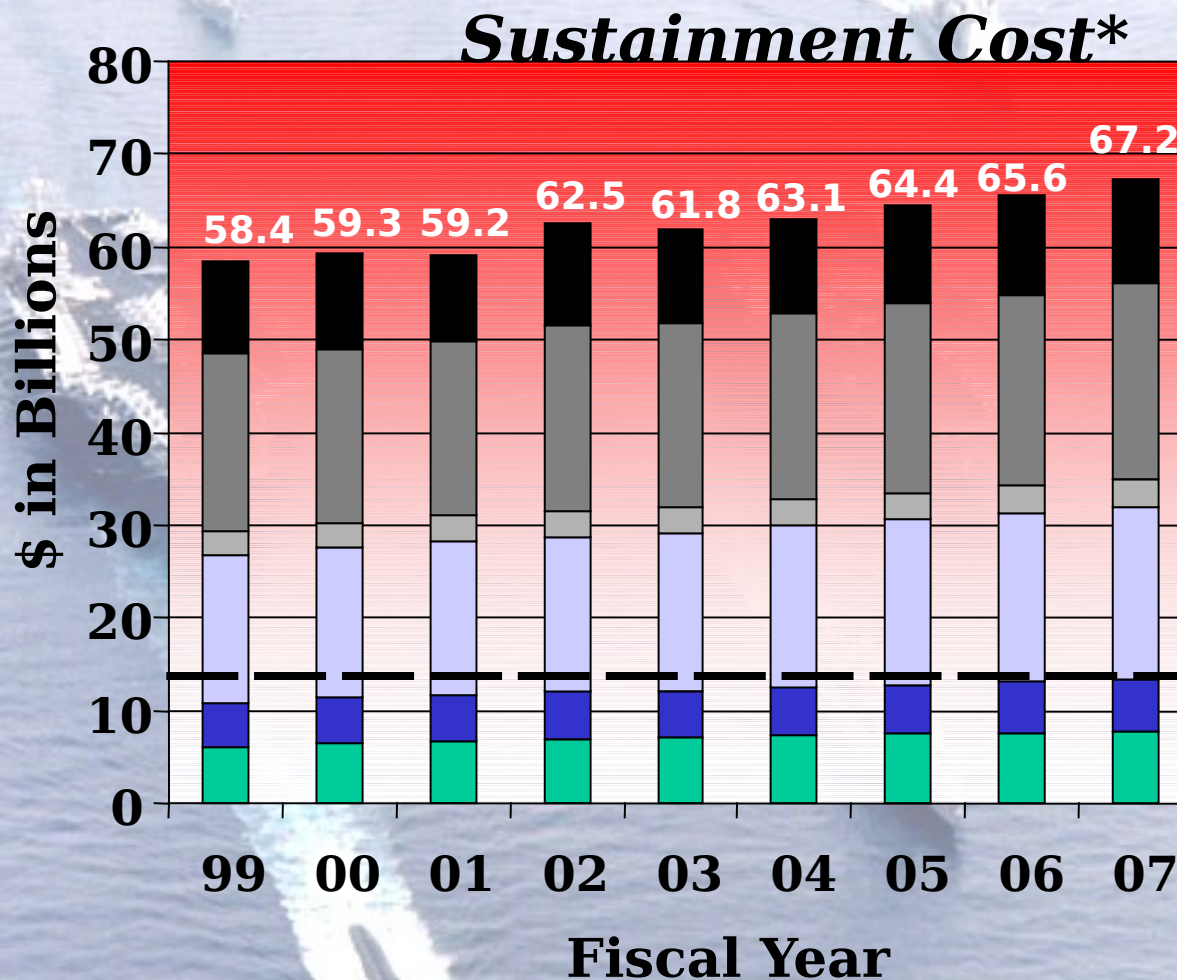
# *The Benefits of Implementing PB*

## **Focus on Customer Service, Reduced Product Support Cost, Life Cycle Product Management and Effective Infrastructure.**

- TOC reduction of 20% and higher
- Targeted reductions to ship and shore maintenance workload
- Best Commercial Practices
  - ✓ Total Asset Visibility
  - ✓ Customer Service Center
  - ✓ Obsolescence Management
  - ✓ Life Cycle Warrantees
- Surge Capacity up to 120% and higher
- Availability Improvement - 24 hour parts response time

**War Fighter focused TOA reduction and performance im**

# Expanding PBL Focus to Total Life Cycle Support



**PBL**

SCN/OM, N  
WCF

**PBS**

\*Source: FY02 BES, TY Dollars



# Near Term and Strategic Opportunities for Change

- Vertical integration the same for platform
- Initiate Public / Private Partnership for horizontal integration

	FSC 1 LPD	DDG	FSC 3 CVN	etc...
HME SYSTEM				
COMBAT SYSTEM	Performance Based Public - Private Partnership			
WEAPON SYSTEM				
COMM SYSTEM				

New NAVSEA organization facilitates cross platform in

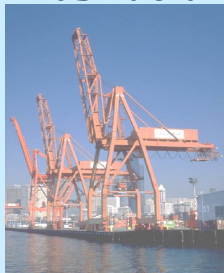


# The NAVSEA PBL Process Model

## NAVSEA PBL Core Focus

Infrastructure

Fleet



Warfighter  
PBA

Core  
Big "L"

Maintainer  
Operator



Affordable  
Support

Ao, TOC  
Manning

"Strategic  
Business  
Analysis"

Metrics, ROI,  
Drivers

Performance  
Based  
Contracting

Incentives

Product  
Support  
Trades & BCA

Support  
Metrics

Logistics Assessment/IOCSR

Cost and Performance Benefits

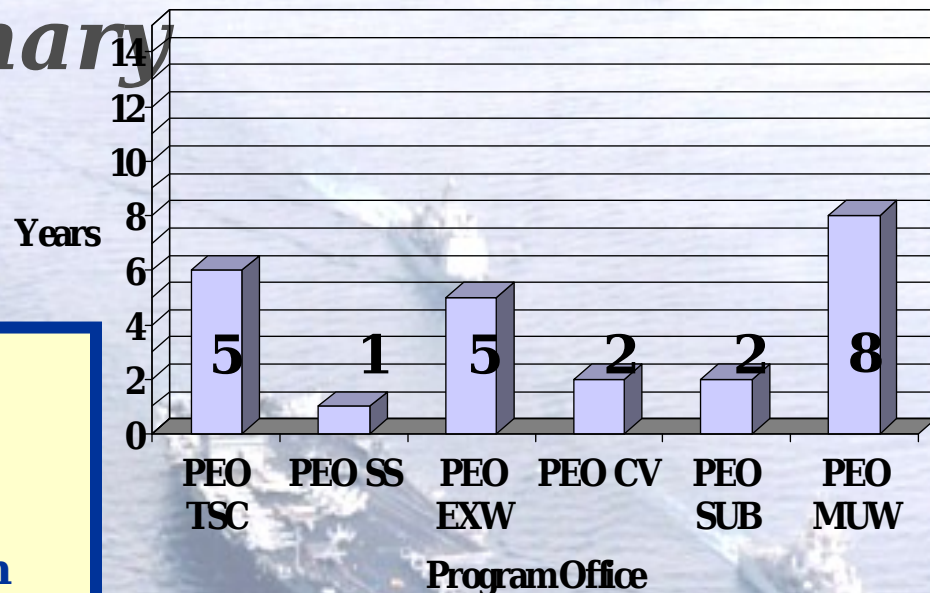
Support  
Metrics

CFFC

**Build in Fleet-focused support from the start**

# Summary

- 23 NAVSEA ACAT I & II Programs
- 28 Joint NAVSEA/NAVSUP PBLs
- 19 Performance Based Support Services contract
- Other NAVSEA PBLs: AEGIS Weapon System, ARCI, Q-70, AN/UYK-70, AN/BLQ-10, Towed systems, MK 48, 11



## NAVSEA Performance Base Full Service Pilots

- ☐ MCM/MCH Diesel Engines - Horizontal in-service PBL for main propulsion and electric generators.
- ☐ Cooperative Engagement System - Horizontal PBL for new acquisition of an electronic system.
- ☐ LPD 17 Electronic Systems - Vertical PBL for eight electronic equipments on a new acquisition.
- ☐ ARCI/MFOP - Vertical PBL for in-service Submarine Sonar upgrades.

- ☐ Other areas of Interest - Non Standard parts, Refrigeration & AC Plants, HP Air